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## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Telecommunications Division  
Carrier BranchRESOLUTION T-16888  
December 1, 2005RESOLUTION

Resolution T-16888. Adopting a California Teleconnect Fund (CTF)  
Surcharge rate of 0.13%, beginning January 1, 2006.

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**Summary**

This resolution adopts a surcharge rate of 0.13% effective January 1, 2006 until further revised by the Commission<sup>1</sup>. All telecommunications carriers shall assess a CTF rate of 0.13% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

**Background**

The California Teleconnect Fund was implemented under Decision (D.) 96-10-066 on October 25, 1996. In this decision, the Commission reaffirmed its commitment to universal service, and in accordance with state and federal directives, created the CTF to provide discounted rates for a family of telecommunications services for schools and libraries, government-owned health care providers and qualifying community based organizations.

In October 1999, Public Utilities (PU) Code Sections 270-281 were codified as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). PU Code Section 270(b) requires that the monies in the CTF and five other funds may only be expended pursuant to PU Code Sections 270-281 and upon appropriation in the annual Budget Act.

**Discussion**

In this Resolution, the Commission adopts a 0.13% CTF surcharge effective January 1, 2006, until revised by the Commission. The development of this surcharge rate is demonstrated in Appendix A. A CTF surcharge rate level of 0.13% is necessary to fund

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<sup>1</sup> The Commission in Resolution T-16942, dated September 22, 2005, adopted a revised CTF-AC budget for FY 2005-06 of \$20.321million.

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the estimated obligations from Fiscal Year (FY) 04-05 and FY 05-06 until June 30, 2006. The expended and anticipated program expenses from FY 04-05 are within the limits set by the annual state budget act.

The 0.13% CTF surcharge rate shall take effect on January 1, 2006, until further revised by the Commission. All certificated telecommunications carriers shall assess a revised CTF surcharge rate of 0.13% on their end-user's bills rendered for intrastate telecommunications services on January 1, 2006, and thereafter.

### **Modified Advice Letter Filings**

By Resolution T-16901, issued December 2, 2004, the Commission modified the current tariff process for revising telecommunications Public Programs surcharge rates. The new process requires all certificated carriers filing tariffs with the Commission to file a generic tariff reference to Pacific Bell (DBA SBC California) tariffs for the list of Public Program surcharge rates and the Reimbursement Fee. This process change is effective with surcharge rates and reimbursement fees implemented on January 1, 2005 and thereafter, until revised by the Commission.

To comply with the modified tariff process, SBC California should file an Advice Letter on or before December 15, 2005, to modify the CTF surcharge rate from 0.16% to 0.13%, effective January 1, 2006 and thereafter, until revised by the Commission. Pursuant to Ordering Paragraph #1 of Resolution T-16901, all other carriers with Commission-filed scheduled tariffs should be cross-referenced to SBC California's tariff for all future changes in the Public Program surcharges, including the CTF. Therefore, these carriers are not required to file an Advice Letter reflecting the new surcharge rate of 0.13% effective on January 1, 2006 and thereafter. These concurring carriers are required to implement the new CTF surcharge rate change from 0.16% to 0.13% on January 1, 2006 and thereafter on their intrastate billings, until revised by the Commission.

Finally, all other carriers who do not file tariffs with the Commission must ensure that the revised surcharge rate of 0.13% is implemented on their intrastate billing starting January 1, 2006, and will continue thereafter, until revised by the Commission.

### **Notice of Availability and Comments**

To comply with PU Code § 311 (g), copies of the notice letter were e-mailed on November 1, 2005 to all telecommunications carriers, the CTF Administrative Committee (CTF-AC), and the parties of record in R.95-01-020/I.95-01-021 informing these parties that this draft resolution is available at the Commission's website

<http://www.cpuc.ca.gov/static/documents/index.htm>

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and is available for public comments. In addition, the Telecommunications Division informed these parties of the availability of the conformed resolution at the same website.

Comments filed on a timely basis will be addressed by the Telecommunications Division in this resolution.

## Findings

1. In October 1999, Public Utilities Code (PU) Code Sections 270-281 were codified as a result of the enactment of Senate Bill 669.
2. PU Code Section 270(b) requires that the monies in CTF Administrative Committee (CTF-AC) Fund may only be disbursed pursuant to PU Code Sections 270-281 and upon appropriation in the annual Budget Act.
3. In Resolution T-16942, the CPUC adopted a CTF-AC Fund Fiscal Year 2005-06 budget of \$20.321 million on September 22, 2005.
4. A CTF surcharge rate level of 0.13% is necessary to fund the estimated obligations from FY 04-05 and FY 05-06 until June 30, 2006.
5. Expended and anticipated program expenses from FY 04-05 are within the limits set by the annual state budget act.
6. The CTF surcharge rate of 0.13% is reasonable and should be adopted.
7. To comply with Resolution T-16901, dated December 2, 2004, SBC California should file an Advice Letter on or before December 15, 2005, to modify the CTF surcharge rate from 0.16% to 0.13%, effective January 1, 2006 and thereafter, until revised by the Commission.
8. To comply with Ordering Paragraph #1 of Resolution T-16901, the modified Advice Letter filing, requires all other carriers with Commission-filed scheduled tariffs should cross-reference to SBC California's revised tariffs for the new surcharge rates, including the CTF, effective on January 1, 2006 and thereafter.
9. All certificated telecommunications carriers in California should apply the CTF surcharge rate of 0.13% on their end-user's bills for intrastate telephone services rendered on and after January 1, 2006, until further revised by the Commission.
10. All telecommunications carriers, members of the California Teleconnect Fund Administrative Committee, and the parties of record in R. 95-01-020/I.95-01-021 were informed of the availability of the draft resolution as well as the conformed resolution, when adopted by the Commission, on the Commission web site, [www.cpuc.ca.gov](http://www.cpuc.ca.gov).

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**THEREFORE, IT IS ORDERED that:**

1. The California Teleconnect Fund (CTF) surcharge rate of 0.13% is adopted and effective January 1, 2006 and thereafter, until further revised by the Commission.
2. In compliance with Resolution T-16901, dated December 2, 2004, SBC California shall file an Advice Letter on or before December 15, 2005, modifying the surcharge rate for the CTF from 0.16% to 0.13%, effective January 1, 2006 and thereafter, until further revised by the Commission.
3. The modified surcharge Advice Letter filing requires all other carriers with Commission-filed scheduled tariffs to cross-reference to SBC California's revised tariffs for the new surcharge rates, including CTF, effective on January 1, 2006 and thereafter, until further revised by the Commission.
4. Telecommunications carriers certified in California are ordered to revise the CTF surcharge from the current level of 0.16% to 0.13% effective January 1, 2006 and thereafter, until further revised by the Commission.

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This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 1, 2005. The following Commissioners approved it:

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STEVE LARSON  
Executive Director

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APPENDIX A

CALIFORNIA TELECONNECT FUND ADMINISTRATIVE COMMITTEE FUND			
	Financial Reports submitted to the State Controller's Office FY 2004-05	Pro Forma Statement FY 2005-06	Pro Forma Statement FY 2006-07
1 Projected Intrastate Revenues Subject to Surcharge (based on actual intrastate billings subject to surcharges from Sep 2004 through Aug 2005)		\$20,623,716,147	\$20,623,716,147
2 Surcharge Rate from Jul 1, 2005 thru Dec 31, 2005		0.16%	
3 Surcharge Rate effective Jan 1, 2006		0.13%	0.13%
4 Beginning Fund Balance	\$5,489,000	\$16,192,191	\$25,846,514
5 Revenues:			
6 Surcharge (based on Ln 1 thru Ln 3)	\$28,390,502	\$29,904,388	\$26,810,831
7 Investment Income	\$67,344	\$70,935	\$63,597
8 Total Revenues (Ln 6 + Ln 7)	\$28,457,846	\$29,975,323	\$26,874,428
9 Expenditures:			
10 Prior Period Adjustment	\$0		
11 FY 2004-05	\$17,754,655		
12 FY 2005-06 (State's Annual Budget Act)		\$20,321,000	
13 FY 2006-07 (Resolution T-16942)			\$22,002,000
14 Total Expenditures (sum of Ln 10 thru Ln 13)	\$17,754,655	\$20,321,000	\$22,002,000
15 Ending Fund Balance (Ln 4 + Ln 8 – Ln 14)	\$16,192,191	\$25,846,514	\$30,718,942
<b>The following comparison is for information purpose only:</b>			
16 Required surcharge rate w/o prior year accumulated fund balance (Ln 14 / Ln 1)		0.10%	0.11%
17 Adopted surcharge rate (Ln 3)		<u>0.13%</u>	<u>0.13%</u>
18 Incremental surcharge rate reduction due to prior year accumulated fund balance (Ln 16- Ln 17)		-0.03%	-0.02%